

Message Text

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ACTION NEA-10

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 7172

INFO USMISSION VIENNA IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 10420

STADIS////////////////////////////////

FOLLOWING REPEAT BOMBAY 1819 SENT ACTION NEW DELHI

15 JULY 1976

QUOTE:

BOMBAY 1819

EO 11652: GDS

TAGS: TECH IN

SUBJ: CONVERSATION WITH IAEC CHAIRMAN SETHNA ON INDIAN NUCLEAR PROGRAM

1. SUMMARY. IN A LONG LUNCHEON CONVERSATION WITH VISITING SENIOR INSPECTOR STEPHEN CAMPBELL AND CONSUL GENERAL, IAEC CHAIRMAN SETHNA TOUCHED ON MANY ASPECTS OF INDIAN NUCLEAR PROGRAM OF CURRENT INTEREST TO THE UNITED STATES. REGARDING US PROSPECTIVE BUY-BACK OF SPENT FUEL HE URGED THAT WE PUT OUR OFFER ON THE TABLE PROMPTLY AS HIS WASTE PPLS ALREADY TAXED BEYOND CAPACITY AND HE WILL SOON BE FORCED TO MOVE SOME WASTE INTO STORAGE IN FUEL REPROCESSING PLANT. HE SAYS IAEC IS CONTINUING SAFEGUARDS ON RAPP-I FOR "TIME BEING" AND THAT IAEC INSPECTORS ARE CURRENTLY VISITING RAJISTHAN. KRATZER LETTERS OF JUNE 29 TO NRC DO NOT CAUSE HIM ANY REAL DIFFICULTY, ALTHOUGH THERE ARE SOME PROBLEMS IN CONNECTION WITH REFERENCES TO EARLIER EXCHANGES BETWEEN USG AND IAEC. SETHWNA STILL WANTS TO VISIT WASHINGTON IN SEPTEMBER

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BUT INDIAN EMBASSY WASHINGTON HAS RAISED SOME PROBLEMS THAT MUST

BE OVERCOME. HE IS PLEASED THAT COMPOSITION OF LATEST IAEA INSPECTION TEAM LARGELY REFLECTS TACIT ACCEPTANCE OF HIS VIEW THAT ONLY NATIONALS OF STATES POSSESSING SIGNIFICANT NUCLEAR KNOW-HOW SHOULD BE ON THESE TEAMS.

2. ON ITEMS OF LESS URGENCY SETHNA REITERATED HIS VIEW THAT IT WOULD BE MANY YEARS BEFORE INDIA WOULD BECOME A SIGNIFICANT EXPORTER OF CRITICAL NUCLEAR EQUIPMENT OR MATERIALS. SETHNA SAID HE IS WORKING PERSISTENTLY FOR ADOPTION OF A MORE POSITIVE GOI POSITION ON NON-PROLIFERATION BUT HAS A 15-YEAR HISTORY OF NEGATIVISM TO OVERCOME. IN TERMS OF IMPROVING US-INDIAN COMMUNICATIONS ON NUCLEAR AFFAIRS, HE URGED A GREATER INTERCHANGE OF VISITS BETWEEN ERDA AND NRC OFFICIALS ON ONE HAND AND IAEC ON THE OTHER. END OF SUMMARY.

3. BUY-BACK. SETHNA SAID THAT IT IS URGENT TO RESOLVE PROBLEM OF STORAGE OF SPENT FUEL AT TARAPUR. HE CLAIMS THAT SPENT FUEL BUNDLES IN WASTE POOLS THERE NOW EXCEED BY 60 TO 70 PERCENT IAEC CAPACITY STANDARDS FOR THAT FACILITY. HE CLAIMS THAT IAEA INSPECTORS SHARE THIS VIEW AND ARE NOW WORKING OUT MEASURES FOR SAFEGUARDED STORAGE OF SOME SPENT FUEL BUNDLES IN REPROCESSING PLANT RECEIVING TANKS WHICH ARE ADJACENT TO THE TARAPUR POWER STATION. SETHNA AVOIDED SPECIFIC RESPONSE QUESTIONS DESIGNED TO PUT PROBLEM INTO DEFINITE TIMEFRAME. HE SIMPLY SAID THAT THE USE OF THE FRP RECEIVING TANKS WOULD GIVE HIM AN ADDITIONAL THREE TO THREE AND A HALF MONTHS LEEWAY BUT HE WAS NOT CLEAR WHETHER THIS WAS ADDITIVE TO HIS PREVIOUS ESTIMATE OF DECEMBER 1976 AS TIME WHEN STORAGE CAPACITY OF SPENT FUEL AT TARAPUR WOULD BE EXHAUSTED. HE URGED THAT US QUICKLY TABLE ITS PROPOSAL FOR A BUY-BACK ARRANGEMENT IF IT WISHES TO GO THIS ROUTE AS HE MUST REACH A CONCLUSION SOON AS TO HOW HE IS TO DEAL WITH WASTE PROBLEM AT TARAPUR. HE CLAIMS THAT THERE ARE ONLY TWO ALTERNATIVES: REPROCESS THE FUEL AT TARAPUR OR RETURN IT TO THE US. HE SAYS HIS CLEAR PREFERENCE IS TO RETURN IT TO THE US; HIS MAIN REASON IS THAT HE SEES NO POINT IN REPROCESSING FUEL INTO PLUTONIUM WHICH CANNOT BE USED IN THE NEAR FUTURE.

4. VALUE OF WASTE MATERIAL. IN DISCUSSING WASTE PROBLEM, SETHNA DIGRESSED TO EMPHASIZE VALUE OF THE URANIUM CONTAINED IN THE SPENT FUEL. IN MONETARY TERMS HE PLACED IT AT FOUR MILLION DOLLARS. HE

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ALSO SAID THAT RETURNING THIS FUEL TO THE UNITED STATES IS NECESSARY TO MAINTAIN IAEC'S FULL RIGHT TO SUFFICIENT URANIUM HEXAFLORIDE TO OPERATE THE TARAPUR REACTORS FOR THEIR ESTIMATED LIFE OF FORTY YEARS. HE SAID THAT ANY USE IN INDIA OF URANIUM CONTAINED IN SPENT FUEL WOULD BE REFLECTED IN AN EQUIVALENT REDUCTION IN HIS RIGHT TO FRESH URANIUM HEXAFLORIDE UNDER CONTRACT WITH THE UNITED STATES. HE ALSO SAID THAT THERE IS ENOUGH PLUTONIUM IN THE WASTE MATERIAL IN THE TARAPUR POOLS FOR

CONVERSION INTO MIXED OXIDE FUEL TO KEEP THE TARAPUR REACTORS GOING UNTIL 1981. WHILE HME TOOK PAINS TO AVOID VPUTTING THIS STATEMENT IN TERMS OF A THREAT, HE DID NOTE THAT THIS TIME PERIOD WOULD GIVE HIM A CHANCE TO SEARCH FOR ALTERNATE SUPPLIERS OR TO DEVELOP HIS OWN ENRICHMENT PROCESSES IF IT PROVED IMPOSSIBLE TO WORK OUT A CONTINUATION OF SUPPLY ARRANGEMENTS WITH THE UNITED STATES

5. RAPP SAFEGUARDS. IN DISCUSSING THE IAEA INSPECTION ACTIVITIES, SETHNA NOTED THAT THE IAEA TEAM IS NOW IN RAJISTHAN. CONGEN ASKED WHETHER THIS INDICATED THAT THE GOI IS CONTINUING SAFEGUARDS ON RAPP-I. SETHNA SAID THAT THE SAFEGUARDS PROGRAM REMAINS IN EFFECT THERE "FOR TIME BEING." CONGEN NOTED THAT SETHNA HAD EARLIER SAID THAT HE WOULD GIVE US A DEFINITIVE POSITION ON SAFEGUARDS AT RAPP IN THE WAKE OF THE CANADIAN TERMINATION OF ASSISTANCT BY THE END OF JUNE. SETHNA SAID THAT TOI'S INTENTION TO REACH A DECISION REGARDING SAFEGUARDS PROGRAM BEFORE END OF JUNE HAD BEEN UPSET BY COMMUNICATION FROM CANADA PUTTING THIS ISSUE IN "OR ELSE TERMS." THIS HAD MADE IT IMPOSSILBE FOR HIM TO OBTAIN MINDORSEMENT OF HIS POSITION THAT THE SAFEGUARDS SHOULD CONTINUE. HE COMPARED CANADIAN ACTION TO "HITTING A SLEEPING DOG WITH A STICK" AND NOTED THAT WHEN PROVOBKED ANY ANIMAL HAS TO REACT. HOWEVER, CONGEN HAD THE IMPRESSION THAT SETHNA STILL HOPES THAT GOI WILL EVENTUALLY CONFIRM DEFINITIVE RETENTION OF SAFEGUARDS ON RAPP-I.

6. EFFECTS OF TERMINATION OF CANADIAN HELP. IN RESPONSE TO INSPECTOR CAMPBELL'S QUESTION ABOUT THE EFFECT ON RAPP POWER STATIONS OF CANADIAN PULL-OUT, SETHNA CONFIRMED THAT THERE WOULD BE A SERIOUS DELAY. HE SAID MOST CRITICAL PROBLEM WAS HEAVY WATER WHERE THE SHORTAGE AMOUNTS TO ABOUT TWO HUNDER TONS. SETHNA SAID THAT INDIA PRODUCTION WILL BE SUFFICIENT BY 1978 BUT A SERIOUS GAP HAS BEEN CREATED BY THE CANADIAN WITHDRAWAL. ON OTHER HAND, SETHNA SEES SOME BENEFICIAL EFFECTS FROM THE CANADIAN PULL-OUT

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BECAUSE INDIA IS NOW PRODUCING ABOUT 93 PERCENT OF ITS NUCLEAR REQUIREMENTS, WHEREAS WHEN THE CANADIAN PROGRAM WAS IN FORCE THIS PERCENTAGE WAS ONLY 80.

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ACTION NEA-10

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TO SECSTATE WASHDC IMMEDIATE 7173

INFO USMISSION VIENNA IMMEDIATE

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7. DECLASSIFICATION OF STATE/NRC CORRESPONDENCE. SETHNA WAS A BIT DISAPPOINTED THAT THE CONSULATE GENERAL WAS NOT ABLE TO PROVIDE HIM PROMPTLY WITH COPIES OF THE LATE MAY-EARLY JUNE EXCHANGE BETWEEN THE DEPARTMENT AND SENATOR RIBICOFF. BUT OTHERWISE HE DID NOT SEEM SERIOUSLY PERTURBED BY ANYTHING IN THE KRATZER/HUBERMAN LETTERS OF JUNE 29. HE DID, HOWEVER, NOTE THAT HE HAS NO RECORD OF AN AID-MEMOIRE FROM THE DEPARTMENT OR THE AEC IN 1970 REGARDING THE UNITED STATES VIEW OF THE USE OF AMERICAN METARIALS IN INDIAN NUCLEAR EXPLOSION. HE ALSO SAID THAT HE HOPES WE WILL NOT PUT THE SPOTLIGHT ON HIS 1974 LETTAD TO FORMER AEC CHAIRMAN DIXIE RAY. ALTHOUGH WE HAD A DETAILED DISCUSSION OF BUY-BACK PROBLEMS, HE TOOK NO ISSUE WITH ANY PART OF THE KRATZER/HUBERMAN LETTER OF JUNE 29TH ON THAT SUBJECT.

8. WASHINGTON TRIP. SETHNA SAID THAT AS A RESULT OF THE RECENT FRAZER COMMITTEE HEARINGS AS WELL AS OTHER CONGRESSIONAL HEARINGS AND THE PROSPECTIVE NRC HEARINGS, THE INDIAN EMBASSY IN WASHINGTON HAS QUESTIONED HIS PROPOSED VISIT TO WASHINGTON IN SEPTEMBER. THE EMBASSY APPARENTLY FEARS THAT OTHER HEARINGS MAY BE IN PROGRESS AT THAT TIME AND THAT THERE WILL BE A CARRY-OVER OF ILL-FEELING TOWARD INDIA WHICH SETHNA'S VISIT COULD EXACERBATE. HE SEEMS CONFIDENT THAT HE CAN OVERCOME THEIR OBJECTIONS ON THE NUCLEAR HEARINGS BUT QUESTIONED US AT LENGTH ON THE FRAZER CONFIDENTIAL

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COMMITTEE HEARINGS. WE POINTED OUT THAT THESE HEARINOXKHAD RECEIVED LITTLE ATTENTION IN THE UNITED STATES AND THAT THERE WAS SOME BALANCE IN THEM AS SOME AMERICAN PARTICIPANTS HAD POINTED UP SOME POSITIVE DEVELOPMENTS IN INDIA UNDER THE EMERGENCY. SETHNA SAID HE STILL HOPES TO GO TO WASHINGTON AND INTENDS TO TRY

TO CONFIRM HIS PLANS IN TIME TO GIVE US A DEFINITE SCHEDULE
EARLY NEXT WEEK.

9. IAEA SAFEGUARDS. SETHNA WAS PARTICULARLY PLEASED WITH THE COMPOSITION OF THE CURRENT IAEA INSPECTION TEAM WHICH SEEMS TACITLY TO REFLECT ACCEPTANCE OF HIS SUGGESTION THAT MEMBERS OF THOSE TEAMS BE LIMITED TO NATIONALS OF COUNTRIES WITH SIGNIFICANT NUCLEAR CAPABILITY. HE SAID THERE IS ONLY A GREEK ON THE TEAM NOT MEETING THIS STANDARD. HE ALSO WAS PARTICULARLY PLEASED THAT AN EGYPTIAN HAD BEEN SCRATCHED. HE NOTED, HOWEVER, THAT HE MIGHT ALSO HAVE TO OBJECT TO CANADIAN AND AMERICAN INSPECTORS. HE SAID THAT HIS RESERVATIONS ABOUT CANADIAN PARTICIPATION WERE OBVIOUS AND THE AMERICANS HAD OBJECTED TO AN INDIAN INSPECTOR SO RECIPROCITY SEEMS IN ORDER. WE GOT THE IMPRESSION THAT HE WAS JOKING REGARDING THE CANADIAN/AMERICAN PARTICIPATION ON THIS TEAM BECAUSE HE SUBSEQUENTLY REMARKED THAT THE AMERICAN OBJECTION MIGHT RELATE ONLY TO A PARTICULAR INDIAN INSPECTOR AND NOT TO THE PRINCIPLE OF INDIAN MEMBERSHIP ON IAEA INSPECTION TEAMS.

10. NUCLEAR EXPORTS. SETHNA CONFIRMED HIS EARLIER ASSERTIONS THAT INDIA WOULD NOT BECOME A SIGNIFICANT EXPORTER OF NUCLEAR EQUIPMENT OR MATERIALS FOR A LONG TIME. HE SAID THAT INDIA IS UP TO ITS NECK WITH ITS OWN PROGRAM AND HE DOES NOT WANT TO ATTEMPT TO BRANCH OUT INTO THE EXPORT OF CRITICAL ITEMS. SUCH A VENTURE WOULD IN MVXM HIS VIEW SIMPLY USE UPSOME OF THE TIME OF TOP MANAGEMENT. HOWEVER HE ADMITTED THAT INDIA MIGHT WELL EXPORT A GOOD BIT OF NON-CRITICAL EQUIPMENT AND MATERIALS SUCH AS HEAT EXCHANGERS, ISOTOPES AND THE LIKE. WHEN PRESSED, HE SAID THAT INDIA WAS AT LEAST TEN YEARS AWAY FROM BECOMING AN IMPORTANT EXPORTER IN THE NUCLEAR FIELD.

1. TECHNICAL COOPERATION. SETHNA ADMITTED THAT THE PRESSURES WERE GREAT FOR ACCESS TO INDIA'S TECHNOLOGY. HE SAID THAT UP TO NOW THIS HAD BEEN DEALT WITH LARGELY THROUGH EXTENSIVE TECHNICAL COOPERATION. HE CLAIMS THAT NATIONALS FROM TWENTY TO THIRTY COUNTRIES, INCLUDING MANY DEVELOPED ONES, HAD BENEFITED FROM CONFIDENTIAL

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INDIAN TRAINING PROGRAMS AND FELLOWSHIPS IN INDIA'S EXTENSIVE NUCLEAR INSTALLATIONS. FOR EXAMPLE, HE SAID THAT HUNDREDS OF FOREIGNERS VISIT BARC AT TROBAY FOR PERIODS RANGING FROM SHORT COURSES TO YEAR-LONG STUDY PROGRAMS. THEY HAVE ACCESS TO EVERYTHING THERE EXCEPT THE PLUTONIUM PLANT, RADIO ISOTOPES, AND RADIO METALLURGY. EVERYTHING ELSE THERE IS OPEN TO THEM. HE EMPHASIZED THAT REQUESTS FOR CRITICAL MATERIALS OR EQUIPMENT ARE TURNED DOWN ABOUT FOUR TIMES A YEAR. AMONG REJECTED APPLICANTS HE CITED KOREA, THE PHILIPPINES, AND IRAN.

12. NON-PROLIFERATION. IN RESPONSE TO INSPECTOR CAMPBELL'S QUERY AS TO WHETHER INDIA IS PREPARED TO PUT FORTH ITS OWN

SUGGESTIONS TO IMPROVE THE NON-PROLIFERATION PROGRAM, SETHNA REGRETTED THAT INDIA'S POSITION HAS BEEN NEGATIVE IN THIS REGARD. HE NOTED, HOWEVER, THAT AT LEAST IT HAS NOT BEEN MARKED BY THE HYPOCRISY THAT CHARACTERIZES THE POSITION OF SOME OF THE WEAPONS-STATES. IN THIS REGARD, HE CONTRASTED UNFAVORABLY THE UK POSITION WITH THAT OF THE USSR. HE TERMED THE BRITISH OFFER TO PUT ALL NON-WEAPONS PROGRAMS UNDER IAEA SAFEGUARDS AS PURE COSMETICS. HE SAID THAT AT LEAST THE USSR POSITION OF KEEPING EVERYBODY OUT OF EVERYTHING WAS STRAIGHT FORWARD. HOWEVER, HE DID NOTE THAT MORE NEEDS TO BE DONE ON THE NON-PROLIFERATION FRONT TO REDUCE DANGERS AND HE THOUGHT THAT INDIA SHOULD PUT FORTH POSITIVE PROPOSALS OF ITS OWN AND HE SAID HE IS WORKING WITH THE MEA TO GET THE GOI TO DEVELOP A MORE POSITIVE PROGRAM IN THIS AREA.

13. IMPROVEMENTS IN USG-GOI COMMUNICATIONS ON NUCLEAR MATTERS. AFTER NOTING THAT THE USG WAS VERY PLEASED WITH CHAIRMAN SETHNA'S COOPERATION OVER THE RECENT MONTHS, INSPECTOR CAMPBELL ASKED WHAT MORE MIGHT BE DONE TO BROADEN COMMUNICATIONS CHANNELS BETWEEN US AND INDIA ON NUCLEAR AFFAIRS. SETHNA SAID THE GREATEST NEED IS FOR MORE R MBWWSKJZT VISITS BETWEEN OFFICIALS OF TECHNICAL AGENCIES AT BOTH TOP AND MIDDLE GRADES. HE PARTICULARLY BELIEVES IT WOULD BE FRUITFUL FOR MORE ERDA AND POSSIBLY NRC OFFICIALS TO VISIT INDIA AND HE WOULD HOPE THAT INDIANS COULD VISIT THE US AGENCIES MORE FREQUENTLY. IN THIS REGARD, ALTHOUGH HE DID NOT MENTION IT TODAY, THE CONGEN DOES NOT BELIEVE THAT ERDA HAS YET INVITED THE IAEC TO SEND ITS PHYSICAL SECURITY INSPECTION GROUP TO THE UNITED STATES, THEREBY COMPLETING THE INTERCHANGE BEGUN LAST FALL BY THE CONFIDENTIAL

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VISIT OF THE ERDA/NRC PHYSICAL SECURITY TEAM TO INDIA.
COURTNEY

UNQUOTE.
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